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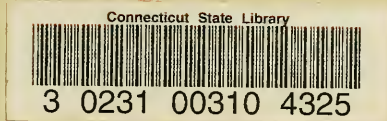
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December 1949

Connecticut Commission
on
State Government Organization

FINAL REPORT
(Survey Unit #6)
PUBLIC WORKS


AUG 30 1951

Norman Hebden, Project Director
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TABLE OF CONTENTS

	<u>Page</u>
I <u>Introduction</u>	2
II <u>Basic Propositions</u>	4
1. Highways	4
2. Public Works	5
3. Capital improvements programming	5
4. Housing	6
III <u>Public Works - Architectural and Engineering Services</u>	7
1. Statement of the Problem	7
2. Findings	7
3. Proposals	10
4. Discussion	13
IV <u>Capital Improvements Programming</u>	15
1. Statement of the Problem	15
2. Findings	15
3. Proposals	16
4. Discussion	16
V <u>Housing</u>	17
1. Statement of the Problem	17
2. Findings	17
3. Proposals	20
4. Discussion	21

Public Works

The organizational structure of a state should make possible the achievement of a democratic form of government that is both responsible and effective. This Survey Unit concurs in and strongly endorses the assumptions set forth in the Interim Report of Survey Unit #1, Executive. Our recommendations also are based on the thesis that State government can and should be administered efficiently. This is only possible through a clear-cut assignment of executive responsibility and commensurate authority to the chief executive of the state. Only then can he be held unequivocally responsible by the citizens for the administration of the state's affairs.

I Introduction

In the study of the organization of Connecticut's government, the Public Works Survey Unit was assigned three state agencies or units:

- (1) Real Assets Division - Comptroller's Office
- (2) Humane and Welfare Institutions Building
Program Commission
- (3) State Housing Department

The State Highway Department, usually a state's biggest operation, as well as its most important public works activity, was assigned to Survey Unit #5. (See Basic Proposition (1) for comment on this department).

In way of orientation as to the public works assignment of this Survey Unit, a few brief comments are in order. The term "public works" connotes many different things to different people. It is a generic term, having no universally accepted meaning, and it clearly lacks definitiveness. The scope of public works, as a matter of fact, differs for each level of government - federal, state, and local. Past attempts to arrive at a satisfactory, comprehensive definition have been unsuccessful. It is commonly agreed, however, that the public works function invariably encompasses all construction and maintenance activities performed by a governmental unit, including the provision and care of its own physical plant.

Over and above this, the public works function is sometimes considered to be an extraordinarily broad one, to include not only the construction and maintenance activities mentioned, but additional activities of an operating character as well - the

operation of an airport or the management of a steamship terminal, for example. The former are primarily indirect activities which are but means to an end, whereas the latter are direct ones which are an end-in themselves. Furthermore, such direct activities as last named are undertakings which have a predominant commercial element in them requiring extensive business promotion efforts as well as specialized financial and security operations.

This concept of public works as a broad function comprising both the indirect and direct activities is the so-called "vertical" type of function. The administrative agency responsible for the activities is an operating unit, with departmental status equivalent to the other major state administrative departments; and its director has cabinet status in the "official family." A municipal public works organization best illustrates this setup where the director of public works is responsible for providing a myriad of services such as streets, sewerage, refuse collection and disposal, street lighting, water and even the operation of public markets and cemeteries. His primary concern is with the administration of these direct services to the public.

At the state and federal levels, this picture is changed. The number and variety of direct services diminish. For example, the state as an entity does not have a sewer system; and while it is concerned with state-wide water policy and conservation, it does not operate a waterworks for general public use. The state's interest in many direct services becomes of a regulatory nature. On the other hand, the state does have a very sizeable physical plant which serves as the basic working tool of its sundry departments and institutions. This it must construct and maintain.

Public works at the state level, therefore, becomes much more of an "internal" function concerned with the indirect activities common to many different state agencies - the construction, maintenance, and repair of their physical facilities. These activities entail project planning and programming, land acquisition, preparation of plans and specifications, supervision of construction, and maintenance work. They are the common denominator and they require the same specialized knowledge and skills. Because of this, they can be grouped to provide an internal "service" function serving all the state agencies. This concept of the public works function is the "horizontal" type, stemming through the entire state organization structure.

Only a thoroughgoing study, giving full consideration to local conditions and circumstances, can serve to point up which of the two concepts cited represents the soundest one for organizing a particular state's public works activities. However, two significant general comments can be made. First, in connection with the "internal service" concept where public works is concerned

With only the indirect activities, there is one major exception - that is in highways in which case the state is engaged in providing a direct service to the public. But this is not the rule. Second, with respect to the concept where public works is concerned with both direct and indirect activities, there is always the danger that such an operating department will be made a sort of "catchall", where for the lack of some more convenient place, a variety of miscellaneous activities are dumped since some agency must administer them. In time, as the assigned activities inevitably grow and their relationship become less distinct, close administrative supervision becomes less and less feasible.

II Basic Propositions

In the light of the foregoing discussion and based on the detailed study and analysis made by this Survey Unit of the public works activities carried on by the state, four basic propositions have been established.

- (1) The State Highway Department should be retained as a separate operating or line department as it now is; and consequently, it is not dealt with further in this report.

The Highway Department, the state's largest administrative agency from the standpoint of personnel involved, is engaged in providing a direct service to the public. This service is of a very specialized character. The magnitude, diverseness, and complexity of the operations of this department require the full attention of a highly competent administrator assisted by a sizeable staff of technicians skilled in highway planning, design, construction, maintenance, and traffic operation. Moreover, close coordination of its activities and relationships with officials of the cities and towns throughout the state are of cardinal importance.

The Highway Department has been a separate operating organization for many years and was even maintained as such when there was a Connecticut Department of Public Works at a coordinate level in the state administrative hierarchy. Even if highways were to be included within a state public works organization, it would be necessary to have a self-contained highway organizational unit similar to that which exists. No real overlapping of activities or services is involved and no economies would be effected by such a move. Consequently, separate departmental status for the state highway organization is fully warranted and is as it should be.

This matter was thoroughly discussed with the project director of Survey Unit #2 to which highways was assigned and there is complete agreement (between us) on this proposition.

(2) Public works in Connecticut (as determined and treated herein by this Survey Unit) is an "internal service" function comprising the indirect type of activities rather than the direct or operating services; and it includes the rendering of technical advice and assistance in connection with the compilation of specific projects which all together form a capital improvements program for the state.

Analysis reveals that other than highways, there are few direct services performed by the state which might be incorporated into a Department of Public Works as an operating agency and, these few are primarily services of a commercial nature as alluded to previously. The only element of public works activities in them is again the indirect services of providing and maintaining a useful physical facility. Practically the full extent of public works operations in this state are of the latter type. Consequently, this Survey Unit has adjudged public works in Connecticut as being an "internal service" function - acting horizontally across the whole band of governmental operations.

It pertains to such activities as the preparation of plans and specifications, construction supervision and inspection, maintenance and repairs, and allied services related to the provision of physical facilities for all state agencies. It is firmly believed that this concept is the soundest one, especially in this state where large operating projects such as reclamation and similar works do not enter into the picture. The Connecticut public works unit therefore should be an auxiliary or staff arm rather than an operating or line department. Its purposes is to furnish technical advice and service to all state agencies where necessary.

(3) Capital improvements programming is the orderly scheduling of proposed physical facilities of the state in terms of the relative importance of each facility or project in relation to the state's overall needs and its financial ability to pay for those needs.

This operation entails the compilation of all needed capital projects, careful analysis of each project as to need and costs, assignment of priorities, and preparation of a time schedule

outlining a rate at which the state can undertake the projects. All of the basic data for each individual project would be prepared and supplied by the responsible agency in cooperation with the unit performing the state's public works "internal service" operation outlined above in (2)

The programming of capital improvements and the preparation of a capital budget are top-level policy functions and are a part of the total budgeting process of the state. As such, this operation is carried out at a different administrative level as contrasted with the routine operation of the public works "internal service" function.

(4) The state housing function while having a few of the same elements as the public works function, nevertheless, is totally different as a whole. As a consequence of the specialized nature and extent of the housing activity, plus an entirely different type of clientele concerned which involves an "external" relationship, this function should continue to be independent of other activities and is treated separately in Section IV of this report.

The housing function for all intents and purposes, is a brand new state activity. Because of this, it is not yet accepted as a regular, continuing function of the state as contrasted to older activities - either by the public at large or even by other state officials and legislators. Although a few elements of the public works function may be considered to be involved in the operations of the state housing agency, eg., approval of plans and specifications for housing projects and inspection, the extent and specialized nature of its operations preclude any overlapping or duplication of service between the two activities.

Furthermore, the housing agency deals almost exclusively with a limited clientele - the local housing authorities except for the home ownership phase of the program. It is charged with the expenditure of huge sums of money and must maintain close control over its own operations as well as those of its clientele.

Decisions on such vital housing matters as to -

- (a) Whether the state should or should not provide or assist private enterprise in providing housing facilities
- (b) the size of a housing program

- (c) the kind and extent of such facilities
- (d) the location of housing projects and
- (e) the important fiscal arrangements

cannot be considered as falling within the province of a state public works organization.

The housing situation is in a much too volatile condition at present to integrate it into the state government as a regular "line" agency. For these reasons, the housing function is handled separately throughout.

III Public Works - Architectural and Engineering Services

(1) Statement of the problem

To delineate the scope of the public works function and to ascertain how this function can be organized and administered most effectively, providing for the essential coordination with other state agencies as well as eliminating any duplication of services.

(2) Findings

a. The present public works activities of the state are in largest measure conducted by the Real Assets Division of the Comptroller's office. The Superintendent of Buildings and Grounds also reports to the Comptroller, therefore, those public works activities are the complete responsibility of the Comptroller of the state who is an elected official. Moreover, the latter fact leads to the anomalous situation where the Comptroller requests approval of the expenditure of funds on one hand and then turns around and approves such request on the other.

- (1) The Real Assets Division acts primarily as a service agency. It prepares, or has prepared plans and specifications for all state building projects costing in excess of \$1,000 and supervises the construction of these projects.
- (2) Since the establishment of the Real Assets Division in 1943 through June 30, 1949, a period of about 6 years, the division has been responsible for the supervision of 458 construction contracts totalling \$22.7 million. Of this total, about \$16 million was contracted for between January 1, 1948 and June 30, 1949. As of September 15, 1949, the division had \$19.4 million in contracts underway. During the 1949 fiscal year, the division had 56 employees, 49 of whom were technical or administrative

personnel, with a total payroll of \$189,000. For the current biennium, the construction program already approved by the Legislature totals about \$42 million. It has been estimated that this construction program will reach its peak in mid-1950 when contracts totalling nearly \$30 million will be in force. This clearly evidences the need for a considerable expended force of supervisory and technical personnel.

- (3) The funds for Real Assets operations are derived from two sources: (1) budget appropriation, and (2) reimbursement from construction funds from other state agencies based on a two per cent service charge. In the 1949 fiscal year, only about one-third of the expenses of the division came from direct appropriations. This arrangement provides the necessary flexibility in the administration of this division whose work load is dependent upon a construction program which fluctuates over the years.
- (4) The Real Assets Division performs a considerable amount of preliminary work on proposed construction projects which for various reasons never materialize. This necessitates the expenditure of time and money by the division for which it cannot be reimbursed. This requires that the budgeted appropriation be adequate to cover general administrative expenses with a reasonable allowance to provide for the above circumstance.

b. Because the Comptroller is popularly elected, the chief executive of the state has limited, if any responsible control over public works operations, and furthermore, this holds open the avenue for widespread political activity to completely overshadow what should be the efficient conduct of routine technical services.

c. The Public Works activities assigned to the Comptroller by statute (Sec. 203, 1949 rev. statutes) and the "Real Assets Advisory Committee" function, also established by statute, are wholly incompatible with the duties of a Comptroller as the chief accounting officer of the state.

d. The head of the Real Assets Division - Comptroller's office is hired by and is responsible to the Comptroller and there are no statutory provisions establishing this position, term of office, salary, duties or conduct in office. Because the Comptroller is elected for a term of two years, it is implied that the Real Assets Director serves for a two-year period or at the pleasure of the Comptroller.

December 1949

e. A most significant fact is that over the life span of 6/12 years of the Real Assets Division, twelve significant changes in the top administrative post have taken place.

- (1) This total lack of any constancy in the direction of the Real Assets Division - both by its administrator and the Comptroller - is a basic fact at the root of the poor administrative practices observed and the absence of any continuity of policy and program.
- (2) It explains the lack of a sound, adequately staffed and smooth functioning organization.

f. The extreme weakness of the administration of the Real Assets Division is clearly evidenced by the following:

- (1) No policy statements or summary of objectives for either internal or external use have ever been available.
- (2) Lack of any written basic rules or regulations governing division operators.
- (3) Practically complete lack of any internal reports and controls. A notable exception is the monthly progress report of work under construction. The public auditors reported that the condition of records did not permit complete and satisfactory analysis or review.
- (4) Only a few procedure memos have been compiled.
- (5) Lack of reports on the operations of the division either to the chief executive or the public. The only example was a thumb-nail sketch of construction operations which appeared in the Volume Connecticut Administrative Reports 1947 - 1948.
- (6) Lack of standards.

g. Inadequate staffing has handicapped the division. The serious lack of supervisors and inspectors to oversee construction operations prevents adequate protection of the interest of the state.

h. The Real Assets Division is aware of the necessity for long-range planning and programming, but under the limitations of the present set-up, it is practically impossible to do anything in this direction. Requests have been made for this technical advice and service by budgeted agencies of the state, but have had to be turned down because of lack of personnel and funds for preliminary studies prior to authorization of construction appropriations. Steps to alleviate this situation were taken by the last legislature.

i. Procedures are loose, and relationships with state

budgeted agencies could be improved.

J. The Real Assets Advisory Committee consists of 6 electors, each one required by statute to be experienced in a specific field. They are appointed by the Comptroller with approval by the Governor for terms of six years. The committee is purely advisory and has no powers of approval or disapproval of contracts, plans or other proposals. Meetings have been sporadic and of little usefulness as to technical matters, although the committee's advice with respect to leased space for state offices has been very helpful.

k. The building maintenance responsibility presents a confused picture. The attached table on page 11 shows the complete dispersion of this responsibility for state-owned or leased buildings.

- (1) For example, the State Capitol is under the supervision of the Superintendent of Buildings and Grounds, whereas actually the grounds are maintained by the Superintendent of the State Library Building.
- (2) In connection with leased space, custodial services are sometimes provided by the lessor; where not, it may be the responsibility of either the Superintendent of Buildings and Grounds or the administrative head of the using agency.

1. Routine maintenance and custodial services at state institutions are the responsibility of the institutions.

m. The Real Assets Division does not acquire land. Construction sites are always provided by the budgeted agency for whom the construction is being approved.

(3) Proposals

In view of the findings and analysis made by this Survey Unit, it is recommended:

- a. That, by legislative action, the Comptroller should be stripped of all responsibilities and duties now assigned him by statute covering the operations of the Real Assets Division and all maintenance and custodial services for public and other state-occupied buildings.
- b. That there be established by legislative action an Office of Architectural and Engineering Services which shall function as "internal service" organizational unit serving other state agencies. This office which will function as an auxiliary or staff unit as set forth in Basic Proposition (2) shall be administered by a Director to be appointed by the Governor and to serve at his pleasure. The office shall be responsible for the execution and coordination of the following activities:

BUILDING MAINTENANCE RESPONSIBILITIES FOR STATE-OWNED OR LEASED BUILDINGS

Supervision Care and Control (by Statute)	Direct Administrative Responsibility	Purchasing Bldg. Maintenance Supplies	Personnel Responsi- bility	Maintenance Expenses Paid by	Lease Agreements By
State Capitol Building Grounds	Super. of Bldgs. & Grounds Super. of State Library and Building	Super. of Bldg. Bldg. State Library Grounds	Super. of Bldg. & Grounds with full approval of Comp. or Deputy	Comptroller	-----
State Office Building Grounds	Super of Bldg. & Grounds Super. of State library Bldg.	Super. of Bldg. & Grounds	Super. of Bldg. & Grounds with full approval of Comp. or Deputy	Comptroller	--
State Library & Supreme Court Bldg. & Grounds Governor's Mansion	Super. of State Library Bldg. State Libr. Bldg.	Super. of State Libr. Bldg.	Super. of State Libr. Library Committee		--
State Police Bldgs. in Hartford outside Hfd.	Super. of Bldg. & Grounds Commissioner of State Police	Super. of Bldg. & Grds. Comm. of St. Police (a)----- Comm. of State Police	Payroll- Super. of Bldgs. & Grounds & Comp.	Comptroller	--
				Bldg. alt. Comp- troller	
				Bldg. Maint.) Gar. alt.) (Gar. Maint.) Comm. of State Police	
				Comm. of State Police	
Premises or leased or inside Hfd.	Super. of Bldgs. & Grounds or using agency (b)	Variable depending upon lease provisions	Variable depending upon lease provisions	State Police	
outside Hfd.	Administrative head of using individual agency	Administrative head of using agency (c)	Admin. Head Using agency	Comptroller	with approval of Atty. Gen.

(CONT'D)

(Cont'd)

BUILDING MAINTENANCE RESPONSIBILITIES FOR STATE-OWNED OR LEASED BUILDINGS

Supervision Care and Control (by Statute)	Direct Administrative Responsibility	Purchasing Bldg. Maintenance Supplies	Personnel Responsi- bility	Maintenance Expenses Paid by	Lease Agreements by
outside Hfd. (b) used by group of agencies	Super. of Bldg. & Grounds (c)	Super. of Bldgs. & Grounds	Super. of Bldgs. & Grounds	Using Agencies billed pro rata by Comptroller	
Institutions Boards of Trustees	Bldg Super. or Maintenance Supervisor of Institution	Building Super. or Maintenance Supervisor of Institution	Super. Bldg. or Maint. Supervisor of Institution		

- (a) Except for window washing and elevator inspection,
- (b) All types of arrangements dependent on lease provisions and practical expediency.
- (c) Some building services are included in lease provisions.

- (1) The preparation of plans and specifications, and the supervision and inspection of construction for all capital improvements undertaken by any state agency other than the highway department.

(Note: This includes the selection of outside engineering and architectural firms as necessary but such selection shall be made with the advice of the individual state agency or institution concerned. The using agency shall also have the authority to submit specifications establishing the general requirements and to approve final plans.)

- (2) The preparation of uniform standards for maintenance and operating practices and procedures.

(note: Under this proposal, maintenance work is to be performed by the individual institutions and agencies as is now the practice. However, this proposed office shall be authorized to establish necessary standards to guide those activities. Custodial services are to be handled as outlined in recommendation c, cited later.

- (3) The rendering of technical advice and service to all state agencies in the preparation and correlation of long-range plans for future improvements of their physical plant.

(note: Valuable engineering assistance can be provided by the technicians in this office in the compilation of capital projects of various state agencies, which projects go to make up a capital improvements program for the state.)

c. That there be established by legislative action an Office of Central Administrative Services, as a similar auxiliary or staff unit serving all state agencies. This office shall be administered by a Director to be appointed by the Governor and to serve at his pleasure. This office shall be responsible for furnishing various administrative services including the following:

- (1) Provision of routine maintenance and custodial services for all state-owned buildings and leased space occupied jointly by two or more state agencies.
- (2) All leasing arrangements and negotiation.
- (3) All space allocation.

December 1949

- (4) All land acquisition activity except for highway right-of-way. Close cooperation between this office and the State Highway Department should be maintained in this connection to utilize effectively available personnel and skills.
- (5) Other administrative services as may be appropriate. (For example, purchasing, records and statistics, and motor vehicle pool.)

d. That the office of Architectural and Engineering Services and the Office of Central Administrative Services shall be established on a coordinate auxiliary or service level as illustrated in the attached Chart A, page 14.

(note: These units are not operating or line departments, but are merely service units for all state operating departments.

(4) Discussion

Careful consideration was given the possible alternate of the creation of a line department of public works. All of the findings have revealed that the public works function in Connecticut state government is fundamentally of an internal service nature rather than of an operating character. Although for a brief period there was a State Department of Public Works as an operating agency, actually it functioned primarily as a service unit. It is important to recognize that the service agency, as recommended, although responsible to the Governor, has no policy responsibilities and therefore should not assume a position in the state hierarchy equal or superior to the line departments.

This survey Unit concluded that the activities for which the Office of Public Works Services is responsible are of such magnitude and importance as to warrant its being established on a level coordinate with other service-type functions. This conclusion is reinforced by the need for high level technical competence and skills which are essential to the effective execution of the responsibilities of this office. Furthermore, it is of utmost importance that the post of director of this office carry sufficient prestige and remuneration as to attract the most competent administrator. Because these internal service offices proposed are not policy forming units as indicated, there would be no need for frequent, direct contact with the Governor; the directors would be dealing with members of the Governor's policy and management staff. Therefore, the fact that there may be two, three, or even four such offices at the service level, as indicated on Chart A, creates no problem with respect to the span of control of the chief executive.

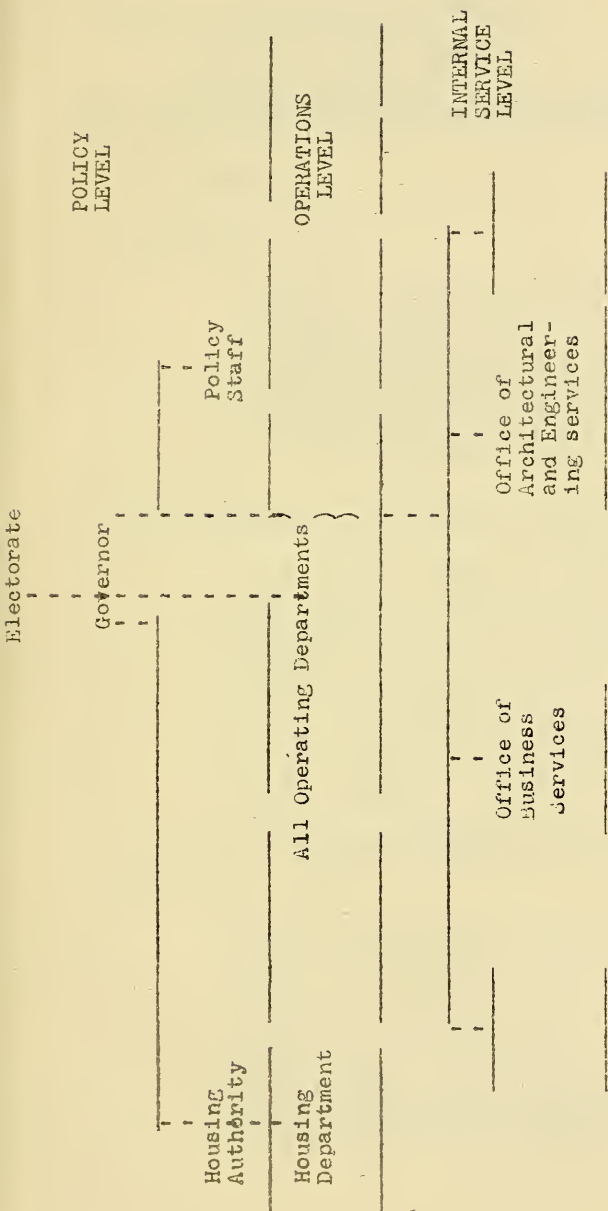


CHART A

IV Capital Improvements Programming

(1) Statement of the Problem

To determine the extent and effectiveness of capital improvements programming and budgeting and its logical relationship to all state agencies and executive responsibility.

(2) Findings

a. In the past, the state has not had any real capital improvement programs.

Although the Governor is required by statute to submit a biennial budget presumably including capital items, this latter responsibility has only been superficially discharged until 1949. For practically the first time, the 1949 executive budget consolidated capital expenditure requests separately and assigned priorities on the basis of relative need and the financial capacity of the state.

b. There is real need for a state-wide capital improvement programming and budgeting procedure.

The Executive Budget for 1949-51 listed capital improvement requests totalling more than \$200 million which was pared by the Governor to about \$84 million. Since the initial requests of \$200 million were so great in comparison to the operating budget of the state, assumption of such a capital load was beyond all financial reason. This is clearly indicative of the need for adequate scrutiny and analysis of capital requests by the executive in the preparation of his over-all development program in line with the state's fiscal capacity.

c. The Humane and Welfare Institutions Building Program Commission is fulfilling an excellent advisory function in its specialized field.

This commission is the only state agency officially organized to perform any kind of a programming operation. No other fields of construction activity are scrutinized and evaluated with comparable care and skill. Generally, construction projects are simply subjected to pressures and expediencies. The working relationships between the Commission and the individual institutions are excellent. The recommendations of the Commission in its first biennial report were incorporated without change in the 1949-t1 executive budget.

d. There is a lack of long-range planning and programming on the part of the individual agencies and institutions.

The Humane and Welfare Institutions Building Program Commission found this to be the case in its initial studies. However, within its specialized field of activity, the Commission has greatly stimulated a realization of the necessity and value of a programming procedure as an essential function.

This lack is to some extent attributed to the inability of the Real Assets Division to assist in long-range planning because of fund and manpower shortages as listed earlier.

(3) Proposals

- a. The Humane and Welfare Institutions Building Program Commission should be discontinued as a legislated advisory committee.
- b. The Governor should be charged with the responsibility of preparing and submitting to the legislature a complete and comprehensive capital improvements program and budget properly integrated with the operating program and budget of the state.
- c. The Governor should have a special policy staff to assist him in the task of preparing the capital program and budget.

(4) Discussion

The budgeting procedure of the state comprises two separate operations - budget preparation and budget control. Budget preparation is essentially a programming operation for both operating and capital expenditures and necessary revenues and therefore is an executive function and responsibility. Budget control, on the other hand, is a routine fiscal and accounting operation to be handled by the finance agency or department.

Although consideration was given to the idea of budget preparation by the finance agency or a sub-division of that agency, it was deemed more appropriate and advisable to assign that responsibility directly to the governor to be carried out by his policy staff. The staff would, in turn, draw upon the records of the finance agency for such figures as it might require.

In the discharge of this responsibility by the governor, there appeared to be no need for legislated advisory commissions, through the present Humane and Welfare Institutions Building Program Commission was and is doing a commendable job. It is considered to be implicit in the governor's powers to appoint such advisory groups as he deems necessary for counsel and advice in carrying out the responsibilities of office.

V. Housing

(1) Statement of the Problem

To determine the place of the housing function in the organizational structure of the State.

(2) Findings

a. The Governor of the State, while having the power of appointment, has no control over the State Housing Authority and, theoretically, cannot be held responsible for its policies or programs, except for the power he might exercise through the prestige of his office.

1. The State Housing Authority as currently constituted is a "public body corporate and politic" composed of five members nominated by the Governor and confirmed by the General Assembly for overlapping terms of six years each. Once established, this group is free to set its own policies and programs, to appoint a housing administrator, and to proceed in executing its responsibilities in any manner which the Authority determines.
2. The Authority is not responsible to the Governor, except for the moral persuasion which he exerts. Its members cannot be removed or discharged except by their own will or by abolition of the Authority through legislative action.
3. Illustrative of this finding is the following circumstance. When the present administration took office, the Housing Authority was composed of appointments made by previous governors with the term of only one member expiring (May 1949). The housing program and policies of the new Governor were considerably different from those of previous administrations. With the enactment of a moderate rental housing act authorizing the issuance of \$95,000,000 worth of bonds in fulfillment of the Governor's program, four of the five members of the Authority "resigned", leaving the Governor free to appoint members of his own choosing and in turn, the "new" Authority free to appoint its own housing administrator.
4. If for any reason a "holdover" Authority was not in sympathy with a Governor's program, his plans could be completely blocked and the only recourse for the governor would be to resor to public opinion and possibly public censure of the Authority for failure to carry out a duly enacted statute. The argument that "holdover" members in the Authority

Provide continuity to housing program and policies withers under the criticism of a possible "block thrown by opposition forces minimizing or preventing any real accomplishments.

b. The state's pledge of its full faith and credit in back of 50-year housing bonds or notes grossing \$95,000,000 at the moment necessitates a basic organizational unit clearly responsible for safeguarding this investment.

1. If this investment is to be carefully supervised and amortized over the life of the bonds, "stringent review of all plans and specifications and contracts; vigilant on-site inspection during the progress of construction; establishment of desired standards of fiscal and personnel administration; constant review of maintenance activities of local housing authorities and mortgage correspondents; and the use of other methods and techniques as are designed to this end" - all these steps must be responsibilities of a well-organized state agency.

c. The committee (Governor, Attorney-General, Comptroller and Commissioner of Finance & Control) established by law to exercise control over most financial operations of the housing program is a deterrent to direct administrative action and execution of the Housing Authorities' policy decisions.

1. There appears to be no legitimate reason why this responsibility cannot be discharged by the Housing Authority itself. The committee, for example, has duties and responsibilities of the following character.

(a) "The State, acting by and through the committee, may enter into a contract or contracts with an authority or combination of authorities for state financial assistance for a moderate rental housing project or projects... (sec. 11, art. 299)

(b) "Definitive loans made by the state...shall be repayable in such installments as shall be determined by the committee..." (Sec. 11, art. 299)

(c) "No moderate rental housing project shall be developed until the state authority has approved the site, plans and layout, the estimated cost of development and until the state authority and the committee have jointly approved the proposed method of financing the proposed rents and income limits for admission and continued occupancy and a detailed estimate of the expenses and revenues thereof." (sec. 15, art. 299)

(d) "Such bonds and notes (rental housing) shall be issued at such times, in such amounts and denominations and for such term or terms as may be determined by the committee" (Sec. 17, art. 299)

(e) "The state authority, with the approval of the committee shall make or enforce reasonable regulations" regarding mortgage loans (sec. 22, art. 299)

(f) "Said bonds shall be in such form and in such denominations as may be determined by the committee ... (Sec. 26, art. 299)

None of these responsibilities are sufficiently significant to be assigned to the committee as an overseer of the Housing Authority. Here again recent situations point up practical difficulties leading to ineffective administrative operations. The Governor and Comptroller are of one political party while the Attorney General and Commissioner of Finance and Control are of the opposite party. The Treasurer of the state, also charged with certain responsibilities regarding bonds and notes, happens to be of the latter party.

This condition tends to lead to a sharp cleavage of opinion, thus stalling any housing program or operations and nullifying the intent and purpose of legislative action.

The fiscal responsibilities assigned to the committee could be adequately executed by the Authority with proper certification as needed by the fiscal agency directly responsible to the governor. Legal advice, as might be necessary, could be acquired directly from the Attorney-General as counsel for the governor and the State.

Both of these responsibilities are to be construed as being a form of "technical" advice and need not impinge upon the decisions of the Housing Authority.

d. There is need for an adequate staff to carry out the program and responsibilities of the Housing Authority.

(1) It should be stated at the outset that the State Housing Authority is currently reorganizing its staff under a new administrator to assure adequate control and supervision over the \$95,000,000 program. The new administrator has made a complete study of the duties and powers assigned by all legislation and has prepared a report showing a proposed functional organization chart and manning table with complete budgetary requirements.

December 1949

This report and reorganization has been approved by the State Housing Authority, the Governor and the Finance Advisory Committee. The staffing of the Authority is now proceeding in accordance with the proposal.

Item b. above outlines the necessary steps to execute responsibilities. This requires highly skilled personnel conversant with the housing field. The reorganization report estimates "that the combined administrative costs of the rental housing and home ownership programs will be less than .003 (3/10 of one per cent) of the capital involved after operations are in full swing." Newly formed and inexperienced local housing authorities necessitated that the state housing staff will have to furnish a considerable amount of technical skills and services. Moreover, the Home Ownership program is a new innovation in housing and consequently demands experienced specialized personnel.

In retrospect, it is also significant to note the Auditors of Public Accounts report (6/8/49) on the State Housing Authority from July 1, 1947, to April 30, 1949. The opinion was voiced that the Authority was understaffed which meant inadequate inspection, lack of needed appraisals and an inadequate accounting system to maintain control over all housing loans and other fiscal affairs.

3. Proposals

a. It is recommended for the present that the State Housing Authority be continued and be directly responsible to the Governor for the establishment of policies and administration of the program.

This proposal eliminates the "committee" comprising the Governor, Attorney-General, Commissioner of Finance and Control and the Comptroller, and transfers their responsibilities to the State Housing Authority.

b. The Governor should be empowered to appoint five electors of the state as members of the Housing Authority to serve at his pleasure.

c. The State Housing Authority should be empowered to appoint, with approval by the Governor, a State Housing Administrator to serve at its pleasure.

d. The State Housing Administrator should be responsible to the Housing Authority for:

- (1) the administration, coordination, and execution of housing policies and programs.

December 1949

- (2) the establishment of an effective internal organization to carry out those responsibilities.

e. It is finally recommended that the organizational plan recommended in Proposal a. be re-examined at some future time (about 3 to 5 years hence) to ascertain the advisability of eliminating the State Housing Authority.

If deemed advisable at that time, housing responsibilities could be delegated by the Governor to a State Housing Department headed by an administrator who would be appointed by the Governor to serve at his pleasure. The State Housing Department would then be a regular line agency coordinate with other state departments.

(Note: The above item e is in line with the strong executive type of governmental organization.)

4. Discussion

Because of the magnitude of the present housing program and the uncertainties of future housing operations at the state level, this Survey Unit believes that at the present time policy determination and extent of administrative control should be in the hands of a group rather than solely in the hands of an administrator. Pressure groups and other strong interests are too great at this stage of development for it to be sound to put full responsibility for both policy and administration on the shoulders of a single administrator.

Elimination of the committee is recommended because it serves no useful purpose which could not be performed by the Authority or by specific state officials as frequently required by statute, such as legal opinions. The committee is simply an unnecessary impediment in the direct line of administrative control and policy formation. Since the committee is composed of elected and appointed officials with varying and overlapping terms of office, this always holds the possibility of creating an adverse situation wherein the committee can forestall any action and block all effective administration.

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